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FM AMEMBASSY KABUL  
TO RUEHC/SECSTATE WASHDC PRIORITY 2006  
INFO RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 7979  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 7411  
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC

UNCLAS KABUL 003176

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SENSITIVE BUT UNCLASSIFIED

SRAP FOR MARY BETH GOODMAN AND BOB DEUTSCH  
DEPT PASS USTR DEANGELIS

E.O. 12958: N/A

TAGS: ETRD PREL AF PK

SUBJECT: Foreign Minister Spanta Rules out Including  
Re-export Study in AF-PAK Transit Trade Agreement

REF: (A) KABUL 3102 (B) KABUL 3036 (C) KABUL 3000

¶1. (SBU) Summary: Foreign Minister Spanta told Ambassadors Ricciardone and Wayne October 7 that he ruled out including the re-export study in the Afghanistan-Pakistan Transit Trade Agreement (APTTA) which is currently being negotiated. While committed to going ahead with the APTTA, Spanta stated the re-export issue should be addressed separately, perhaps led by the Interior Ministry responsible for border controls, and not the Commerce Ministry. Spanta was aware the Pakistan side was pressing the re-export issue and that they might request treating the Wagah border crossing similarly in parallel with newly constituted re-export talks. In that eventuality, U.S. officials will need to seek flexibility from both sides to advance the process in the coming weeks. End summary.

¶2. (SBU) During an October 7 meeting with Ambassadors Ricciardone and Wayne, Foreign Minister Spanta said the re-export study must be separate from the APTTA talks. It will be difficult for Afghanistan to address the issue of re-exports, Spanta stated, many of which are off-loaded in Pakistan before reaching Afghanistan. Since re-exports constitute a major part of the informal economy of Pakistan and Afghanistan and involve border and customs issues, he suggested that the Interior Ministry, and not the Commerce Ministry, should take a lead in conducting those talks. Acting MFA Americas Director Andisha added that the re-export issue might be pursued as part of the ongoing Dubai Process with Pakistan in concert with the Canadian government. He noted the next meeting is slated for Kabul later in October and there is a draft customs MOU to be considered.

¶3. (SBU) Foreign Minister Spanta reiterated that he wants to see the APTTA wrapped up by the end of 2009 and that he is open to a separate agreement on re-exports, which he agrees is a legitimate issue to address with Pakistan. He said he hopes that approach would allow Pakistan to proceed with the APTTA talks. Spanta indicated that the Pakistan side might request treating the Wagah border crossing issue similarly, in parallel with the re-export talks.

¶4. (SBU) Comment: U.S. officials will need to seek flexibility from both sides in the coming weeks if the APTTA is to remain on track for signing by the end of 2009. The draft APTTA text had included language on the Wagah border crossing issue, albeit bracketed by the Pakistan side, because the Pakistani negotiators wanted the re-export study to move forward, as called for in a

textual footnote in the APTTA. Given the Foreign Minister's approach, it seems this approach must now be revised, since the re-export study will be dealt with separately, possibly with different ministries in charge of such talks. Embassy will follow up with MFA official Andisha and others on what they see as the way ahead. We will need to consider how we can most effectively push both sides to move ahead. End comment.

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